

Message Text

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43

ACTION EA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01 CIAE-00

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 4451

INFO AMEMBASSY WELLINGTON

CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: AS

SUBJECT: STRONG RUMORS OF IMPENDING RESHUFFLE OF AUSTRALIAN
CABINET

1. FOR THE PAST TWO WEEKS THERE HAVE BEEN CONTINUING RUMORS OF AN IMPENDING RESHUFFLE OF AUSTRALIAN CABINET, WITH PRESS SPECULATION TAKING IT FOR GRANTED THAT TREASURER FRANK CREAN WILL BE DROPPED FROM THE CABINET AND REPLACED IN THAT PORTFOLIO BY DEPUTY PRIME MINISTER CAIRNS. ACCORDING TO RUMOR CAIRNS WILL RETAIN DEPUTY LEADERSHIP WHILE LEAVING POST AS MINISTER FOR OVERSEAS TRADE. SYDNEY "DAILY TELEGRAPH" OF NOV 7 FLATLY STATES CAIRNS WILL TAKE OVER AS TREASURER ON NOV 18.

2. PRIME MINISTER WHITLAM HAS GIVEN SOME SUBSTANCE TO RUMORS BY OFFHAND ANSWER AT PRESS CONFERENCE OCT 22. ASKED IF THERE WOULD BE CABINET RESHUFFLE AND REPLACEMENT OF CREAN, WHITLAM REPLIED, "I WOULD WANT TO DISCUSS THIS WITH THE GOVERNOR-GENERAL BEFORE I MENTIONED IT IN THIS WIDER CIRCUMSTANCE." LATER IN PRESS CONFERENCE, AS IF REALIZING HE HAD STARTED A HARE WITH ABOVE ANSWER, HE SAID, "....THAT WAS A PURELY FACETIOUS ANSWER, AS YOU KNOW...."

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3. CREAN HAS MADE IT CLEAR THAT HE DOES NOT WANT ANOTHER CABINET

POST IF HE IS REPLACED AS TREASURER AND HAS INDICATED THAT HE WOULD RESIGN FROM PARLIAMENT. THAT WOULD REQUIRE BY-ELECTION IN HIS NORMALLY SAFE LABOR SEAT OF MELBOURNE PORTS WHERE CREAN WAS RE-ELECTED IN MAY, 1974, WITH 58.6 PERCENT OF VOTE. VICTORIAN LABOR PARLIAMENTARIANS HAVE MADE IT CLEAR THAT THEY STRONGLY SUPPORT RETENTION OF CREAN, AND RESENTMENT OF HIS SUPPORTERS IN ELECTORATE, TOGETHER WITH RECENT DECLINE OF ALP VOTING SUPPORT NATIONALLY INDICATED BY POLLS, SUGGEST THAT BY-ELECTION COULD RESULT IN LABOR LOSS OF SEAT. BY-ELECTION CERTAINLY WOULD PRODUCE, AT BEST, CONSIDERABLE LOSS IN LABOR MAJORITY IN MELBOURNE PORTS ELECTORATE, DAMAGING OVERALL ALP POSITION.

4. CAIRNS HAS STATED PUBLICLY HE DOES NOT WANT TREASURY POST, A BELIEVABLE COMMENT, AS TREASURER HAS VERY DIFFICULT POSITION NOW. IF CAIRNS SHOULD BECOME TREASURER, HE WILL HAVE TO MAKE DIFFICULT AND UNPOPULAR DECISIONS ON ECONOMY OR PRESIDE OVER CONTINUATION OF WORSENING INFLATION AND GROWING UNEMPLOYMENT, WHICH CAN ONLY HARM HIS OWN POLITICAL PROSPECTS. ACTU (AND ALP) PRESIDENT HAWKE HAS STATED PUBLICLY HE DOES NOT WANT CREAN SEAT, NOTING THAT CREAN SHOULD NOT BE BLAMED FOR PRESENT SITUATION, AS HE HAS REFLECTED DECISIONS TAKEN BY CABINET AND LABOR CAUCUS. THIS IS DIFFICULT DECISION FOR HAWKE, AS HE HAS MADE CLEAR TO US HE WANTS TO ENTER PARLIAMENT IN DUE COURSE AND HAS HAD HIS EYE ON SEAT NOW HELD BY CREAN.

5. COMMENT: THERE IS PROBABLY SOME FIRE BEHIND ALL THIS SMOKE. WE REPORT WHAT IS ESSENTIALLY NO MORE THAN A RUMOR SINCE IT IS SO FREQUENTLY BEING DISCUSSED IN MEDIA AND IN PRIVATE CONVERSATION.

GREEN

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Message Attributes

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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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